LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 7088 | **NOTE PREPARED:** Jan 20, 2014
BILL NUMBER: SB 420 | **BILL AMENDED:**

SUBJECT: Property tax deadlines and procedures.

FIRST AUTHOR: Sen. Head | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL** | **IMPACT:** State & Local
DEDICATED
FEDERAL

Summary of Legislation: This bill has the following provisions:

It changes for property taxation purposes:
(1) the assessment and valuation date for property to January 1;
(2) the personal property tax return filing date to May 1;
(3) the date a reassessment of a group of parcels in a particular class of real property begins to May 1;
(4) the date after which changes on an amended property tax roll over as a credit to a subsequent year to April 1;
(5) the exemption filing date to April 1;
(6) the date assessment records are transferred to the auditor to June 1; and
(7) various other related dates.

The bill requires the Department of Local Government Finance (DLGF) to certify to each county the assessed values tentatively determined for public utilities by June 1. It also changes dates for the delivery of certain reports to the DLGF.

Effective Date: July 1, 2014.

Explanation of State Expenditures: The bill would have an indeterminate, but likely minimal fiscal impact on the DLGF. The DLGF must currently determine the total assessment of each utility taxpayer by June 1. Under the bill, DLGF would have to certify tentative utility assessed values to county assessors and auditors by June 1. The DLGF would have to make distributions of each utility's total assessment to each taxing district by that date.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill would have an indeterminate, but likely minimal fiscal impact on local taxing units.

The bill changes many filing, assessing, and reporting dates, in most cases moving the date earlier by 30 to 60 days. While these changes may cause some additional cost in the first year of implementation, the dates will be annualized and, as a result, these changes are not expected to have any long run fiscal impact.

Explanation of Local Revenues: Under this bill, an assessment of property could not change in use, value, character, or ownership. Current assessed values for all property would be set at March 1, 2015, assessed values and would mostly not change after that. The tax base would lose all growth (positive or negative), except for new construction and demolition.

Levies would rise while assessments remain constant, causing tax rates to increase, assuming a growing economy. The increased tax rates would mean that all taxpayers would share in property tax increases proportionate to their current value, disregarding any change except new construction and demolition. The higher tax rates would also mean that taxpayers would reach the circuit breaker caps faster and local taxing units and school corporations would lose more revenue to the tax caps.

If the economy declines then the assessed values would not reflect declining values. In this case, tax rate growth would slow and changes in circuit breaker losses would be more limited.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Local civil taxing units and school corporations.

Information Sources:

Fiscal Analyst: Bob Sigalow, 317-232-9859.